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Anadarko Profit Misses Estimates Even as Driller Boosts Output

By Alex Nussbaum

(Bloomberg) -- Anadarko Petroleum Corp. reported a loss that missed estimates despite sales volumes that surged 20 percent

The oil and natural gas explorer narrowed its losses from a year earlier, aided by record sales volumes in the Gulf and Texas' Permian shale basin, while trailing analyst estimates. The shares dropped 4.1 percent in after-hours trading as of 4:42 p.m. in New York.

Anadarko has joined U.S. shale drillers including Continental Resources Inc. and Apache Corp. in boosting investment plans to take advantage of a surge in oil prices from last year's lows. The explorer raised its budget for drilling, pipelines and other projects by almost 70 percent this year, to about \$4.6 billion.

Those higher prices have shown the first signs of paying off for U.S. oil companies in recent weeks, in the form of better-than-expected earnings reports. Exxon Mobil Corp. and Chevron Corp. both beat analyst estimates last week, boosted by crude prices that almost doubled between last year's first quarter and this year. Hess Corp. also topped estimates on the strength of higher-than-expected production from the Bakken shale play in North Dakota.

Anadarko, which has operations from Texas to the Gulf of Mexico and Africa, has been selling assets to raise cash as it focuses on more profitable drilling in the Permian shale basin in West Texas and the D-J basin in Colorado. Deep-water production in the Gulf of Mexico is another key target, the company says.

The Woodlands, Texas-based explorer has sold or announced the sale of more than \$7.5 billion in drilling rights since the start of 2016.

The company lost \$318 million, or \$58 a share, in the first quarter, narrowing a loss of \$1.03 billion, or \$2.03 a share, from a year earlier, according to a statement issued Tuesday. That was worse than the 22-cent average estimate of analysts surveyed by Bloomberg.

Shares dropped last week after the company said it would close 3,000 Colorado wells as part of an investigation into a deadly house explosion earlier in April. The wells represent a tiny fraction of Anadarko's oil and natural-gas output, but the blast raises the risk of tougher regulation for the industry, analysts at Houston investment bank Tudor Pickering Holt & Co. said in an April 27 note. Authorities so far haven't announced a cause for the explosion just north of Denver, which killed two people.

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